on interest as utilised by the Chairman of Indian Express for advancing interest free loans and for other non-business purposes;

(b) if so, what are the reasons for not stopping the loans by the respective banks when the loans were not used for the purpose for which they were raised; and

(c) what steps are being taken to recall the loans with interest and within what period?

THE MINISTER OF STATE IN THE DEPARTMENT OF ECONOMIC AFFAIRS IN THE MINISTRY OF FINANCE (SHRI EDUARDO FALERIO): (a) The Income Tax records show that the Chairman, Indian Express had borrowed funds on interest from certain companies of his group and had in turn, given interest free advances to other persons, resulting in losses to himself. In the assessments for the assessment year 1984-85 and 1985-86, the assessing officer found that the business losses shown by the Chairman arose mainly from deductions for interest payments. He held that considerable portion of the money borrowed on interest was utilised by the Chairman for advancing interest-free loans and for other non-business purposes. Accordingly he disallowed substantial amount of interest payments. The assessee has disputed these disallowances in appeal.

(b) and (c) Banks take action as appropriate in dealing with individual accounts. However, in accordance with statutes governing banks and practices and usages customary amongst bankers, banks cannot divulge information relating to their individual constituents.

Interest Free Advances given by the Chairman, Indian Express

1013. SHRI SATYA PRAKASH MALAVIYA: Will the Minister of FINANCE be pleased to refer to the answer to Unstarred Question 817 given in the Rajya Sabha on the 17th November, 1988 and state:

(a) whether it is a fact that interest free advances were made by the Chairman of Indian Express against the receipt of cash not recorded in the books of account from those persons, firms and companies to whom advances were made;

(b) if so, what are the details of the persons, firm and companies to whom advances were made and the purposes for which these advances were used by them; and

(c) the steps Government propose to take in the matter?

THE MINISTER OF STATE IN THE DEPARTMENT OF REVENUE IN THE MINISTRY OF FINANCE (SHRI AJIT PANJA): (a) Thre is no evidence yet that the Chairman of the Indian Express group of companies had made interest-free advances to persons, firms and companies against receipts of cash which those borrowers did not record in their books of accounts.

(b) and (c) Do not arise.

States' request for consultations before raising Pay Scales of Central Government Employees

1014. SHRI PARVATHANENI UPENDRA: Will the Minister of FINANCE be pleased to state:

(a) whether the State Governments have requested the Central Government to take the States into confidence while revising the pay scales of their employees; and

(b) if so, what is the Central Government's reaction to the request of the State Governments?

THE MINISTER OF STATE IN THE DEPARTMENT OF EXPENDITURE

IN THE MINISTRY OF FINANCE (SHRI B. K. GADHVI): (a) and (b) As per the terms of reference of the Fourth Pay Commission, the Commission was required to make its recommendations having regard inter alia to the prevailing pay structure under the State Governments. The Commission had complied with this requirement before making their recommendations on the revision of pay scales of Central Government servants and other matters. However, the Government of India did not accept a suggestion from a State Government for discussing the implications of the implementation of the recommendations of the Fourth Pay Commission on the finances of the State Governments and plan outlays.

Decisions taken at the meeting of Chief Ministers

1015. SHRI PARVATHANENI UPENDRA: Will the Minister of FINANCE be pleased to state:

(a) whether he had convened a meeting of the Chief Ministers on February 9 and 10 this year;

(b) if so, what were the subjects discussed at the meeting and the decisions taken thereat; and

(c) whether some Chief Ministers had registered their dissent to the decisions?

THE MINISTER OF STATE IN THE DEPARTMENT OF REVENUE IN THE MINISTRY OF FINANCE (SHRI AJIT PANJA): (a) Yes, Sir.

(b) The subjects discussed in the meeting include levy of tax on inter-State consignment of goods levy of discriminatory rates of sales tax by the States and Union Territories, the question of extending levy of additional excise duties in lieu of sales tax on 5 additional commodities, evasion of sales tax by bogus booking of goods by rail, monitoring and implementation of externally aided projects in States, constraints in the opening of bank branches, assistance from the State Governments for recovery of overdues by commercial banks, professionalisation of the posts of Directors and Chief Executives of State Financial Corporations and State Industrial Development Corporations, group insurance scheme for landless agricultural labourers, hut insurance scheme for poor families in rural areas and recovery of overdues from State Electricity Boards.

Detailed discussions were held on these subjects and it was agreed to take further action in the light of the decisions-taken|discussions held. Some of the important items on which consensus was arrived at include levy of tax on intre-State consignment of goods and various modalities connected thereto, adoption of minimum floor-level rates recommended by the Committee of Sales Tax Commissioners in respect of 20 identified items and not to extend the scheme of levy of additional excise duties in lieu of sales tax on 5 additional commodities, for the present.

(c) Some of the Chief Ministers expressed reservation for giving concurrent power of exemption to the Centre from the levy of consignment tax and desired their reservation to be registered, but they agreed to the issue of guidelines by the Centre.

Pollution of Loktak Lake

1016. DR. YELAMANCHILI SIVAJI: Will the Minister of ENVIRONMENT AND FORESTS be pleased to state:

(a) whether it is a fact that Loktak, the largest natural lake in Eastern India is now in a highly polluted state and its very existence is threatened; and